

EGIDE

Euronext Growth - FR0000072373 – ALGID

✓ Egide is strengthening at all levels

- Capital increase with Preemptive Subscription Rights guaranteed at 100% of 1.9 M€
- Bond issue of €750,000
- Entry of a new reference shareholder
- Abandonment of the sale of the US subsidiaries

While the management had entered a phase of sale of its American subsidiaries, it has just reached an agreement with the Compagnie Nationale de Navigation headed by Patrick Molis. The latter has undertaken to guarantee 100% of the capital increase, which will be based on a price of €0.65. If 100% were to be served, CNN will hold 22% of Egide's capital.

This commitment is accompanied by a commitment to retain the stocks for 180 days. Beyond this operation, Egide took out a bond loan of €750,000 from CNN which matures on December 14/2023 and will be either reimbursed in cash or in shares if the extraordinary general meeting which should take place in September 'allowed.

These two operations for a total amount of €2.65 million should allow Egide to more easily manage the takeover of the American entities which are no longer for sale and therefore which we are reintegrating into our forecasts. The group will profoundly reorganize Cambridge and Santier, which made losses of more than €6 million in 2022 but posted H1 sales up 26% driven by Cambridge, which posted sales up 49%, which is its highest level for 15 years.

It should be noted that the management had indicated when publishing the H1 sales that if it managed to optimize the economic performance of the American entities, the question of keeping them could arise. Even if these entities will still be in losses in 2023, despite the expected growth of around 20-25% over the year, we can deduct from the decision taken that things are moving in the right direction.

Nevertheless, it is very likely that the bond issue will be converted into shares because the cash flow situation does not seem sufficient to us to opt for the cash redemption option. If this were to be the case and if this were done at a price of €0.65, the induced dilution would be 8.6%. In addition, the €2.65 million contributed seems insufficient to cover all future needs by the end of 2024. We can therefore expect a new operation to strengthen equity. Nevertheless, the arrival of CNN in the capital, the appointment of the Board of Mr. Molis and the dynamics of the US should give Egide a more attractive profile that could facilitate a new capital increase.

Conclusion.

As we mentioned after the publication of the H1 sales, the management seemed to have more "cartridges" than we could have imagined following the publication of the annual results. The announcement of these two operations and especially of the entry into the capital of CNN are elements that could structurally reshuffle the cards on the condition that the takeover of the US bears fruit quickly and of course that Egide SA confirms that it is now structurally profitable.

This is the first time since the capital increase carried out in 2014 that Egide will find itself with such a large shareholder if the holders of stocks follow this operation little. Furthermore, in terms of governance, the group will finally be able to rely on a hard core of shareholders, thus offering it full latitude. Finally, Mr. Molis is an industrialist well introduced to the military field, which is an additional asset.

Opinion & price target.

The cards are reshuffled and things have changed rapidly since the new management was put in place. This operation seems relevant to us because it will make it possible to have a strong shareholder. Even if another operation within 12-18 months cannot be ruled out, the new configuration should be promising from a stock market point of view. We therefore recommend subscribing at the proposed price of €0.65, which represents a discount of 26.4% compared to the closing price on August 11 and 14.3% compared to my weighted average of the volumes of the 20 sessions preceding fixing the price.

As the operation is 100% guaranteed, we integrate into our model the shares that will be created and the cash contribution that will result. In addition, we estimate the conversion into shares of the bond very likely. Without conversion, the target price would be €1 but taking the probability of a conversion we remain at current levels. As a precaution, we take this course.

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Capital Increase

BPI Label – Innovative company- PEA-PME Eligible

TARGET **BEFORE**
€ 0.91 **€ 0.91**

SHARE PRICE (4.27.23) **POTENTIAL**
€ 0.67 **+35.8%**

CAPITALISATION **FLOTTANT**
€ 6.93m **€ 6.59m**

Ratios	2023e	2024e	2025e
EV/Sales	0,5	0,5	0,5
EV/EBIT	nr	-44,0	21,6
P/E	nr	nr	15,1
P/CF	-31,7	7,9	9,7
Dividend Yield	0,0	0,0	0,0

Data per share	2022	2023e	2024e	2025e
EPS	0,03	-0,18	-0,07	0,04
%Change	0,67	nr	nr	nr
FCF	0,19	-0,15	0,00	-0,02
%Change	nr	nr	nr	-4,53
Dividend	-	-	-	-

Income Statement (€m)	2022	2023e	2024e	2025e
Net Sales	15,5	39,2	42,5	45,4
%Change	-52,4%	153,7%	8,4%	6,8%
EBIT	0,6	-2,0	-0,5	1,0
% Sales	3,8%	-5,0%	-1,1%	2,2%
Net Result	0,3	-2,4	-0,9	0,6
% Sales	2,2%	-6,1%	-2,1%	1,3%

Cash Flow Statement (€m)	2022	2023e	2024e	2025e
FCF	2,0	-2,0	0,1	-0,2
Net Debt	4,9	11,6	11,9	12,5
Shareholder Equity	6,5	6,1	5,2	5,8
Gearing	75,8%	191,2%	230,7%	217,3%
ROCE	4,6%	-6,7%	-1,7%	3,3%

Shareholders	
Pleiade Invest	3,0%
Management	2,0%
Free Float	95,0%

Performances	2023	3m	6m	1 Year
Egide	24,1%	-0,5%	-33,0%	-26,5%
Euronext Growth	-5,0%	-2,5%	-9,8%	-9,5%
12 months Low-High	1,30	0,43		

Liquidity	2023	3m	6m	1 Year
Cumulative volume (000)	10 130	2 657	8 712	12 915
% of capital	76,1%	20,0%	65,5%	97,1%
% of Free Float	80,2%	21,0%	68,9%	102,2%
€ Million	8,6	1,8	7,6	10,2

Next Event H1 Results : October, 26

Egide has signed a research contract with GreenSome.

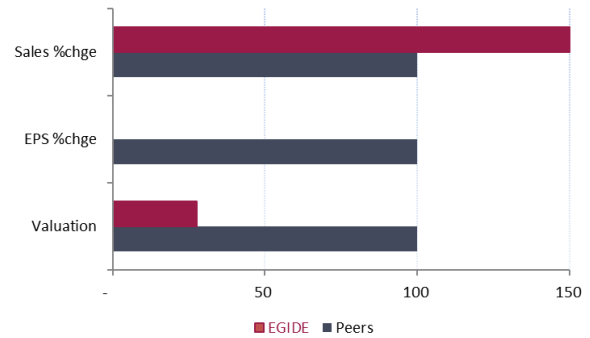
Snapshot Egide

Egide articulates its activity through two technologies that are glass-metal and ceramic cases which makes it one of the few actors in the world to control them. These housings make it possible to ensure perfect hermeticity in environments that may be subject to high thermal and / or atmospheric stresses. Egide provides highly resistant interconnection boxes in sensitive environments (Space, Defense, Security, Aeronautics, Telecommunications, Energy, ...), solutions that guarantee the optimal reliability of electronic systems or complex chips. In February 2017, the group acquired Santier, a US company specializing in the manufacture of dissipative components and materials.

Fondamental Matrix



Investment Profile



Target Price & rating history

Date	Type	Opinion	Price per share	Price Target
7/17/23	H1 Sles	Speculative Buy	€ 0.632	€ 0.91
4/27/23	Annual Results	Neutral	€ 0.893	€ 0.91
1/26/23	2022 Annual Sales	Speculative Buy	€ 0.538	€ 0.85
1/2/23	Funding Agreement	Speculative Buy	€ 0.54	€ 0.85
10/24/22	H1 Results	Neutral	€ 0.717	€ 0.78
9/27/22	Focus	Speculative Buy	€ 0.63	€ 1.13

Financial Data

Income Statement (€ m)	2020	2021	2022	2023e	2024e	2025e
Revenues	30,0	32,5	15,5	39,2	42,5	45,4
Purchase	12,5	12,7	5,7	16,3	17,2	17,9
Externals costs	2,3	6,5	2,4	5,9	6,2	6,6
Personnals Costs	13,6	14,0	6,3	17,2	17,9	18,3
Amortization	1,6	1,5	0,5	1,4	1,3	1,1
other	2,3	3,4	0,1	0,0	0,0	0,0
EBIT	2,0	0,8	0,6	-2,0	-0,5	1,0
Financial Result	-0,6	-0,4	-0,2	-0,4	-0,4	-0,4
Tax	-0,4	-0,2	-0,1	0,0	0,0	0,0
Net Result	1,0	0,2	0,3	-2,4	-0,9	0,6
Balance Sheet (€ m)	2020	2021	2022	2023e	2024e	2025e
Fixed Assets	10,0	12,8	2,5	6,9	7,2	7,7
Stock Inventories	8,1	7,4	3,5	8,7	9,4	10,1
Accounts Receivable	5,0	4,9	3,4	7,6	8,3	8,8
Other Currents Assests	3,2	1,6	1,9	3,3	1,8	1,9
Cash & Equivalents	1,4	1,6	0,7	-1,7	-1,6	-1,8
TOTAL Assets	27,8	28,3	27,9	24,8	25,1	26,7
Shareholders' Equity	10,6	11,6	6,5	6,1	5,2	5,8
Provisions	0,8	0,9	0,7	0,8	0,9	0,9
Financial Debt	6,6	7,7	4,6	7,6	8,1	8,5
Accounts Payables	7,2	5,4	2,7	7,1	7,7	8,2
TOTAL Liabilities	27,8	28,3	27,9	24,8	25,1	26,7
Cash Flow Statements (€ m)	2020	2021	2022	2023e	2024e	2025e
Cash Flow from Operating Activities	2,5	-1,2	0,9	-1,0	0,4	1,7
Change in Net Working Capital	-0,8	0,7	-1,4	-0,7	-0,7	0,8
Cash Flow from Operations	1,7	-0,5	-0,5	-0,3	1,1	0,9
Cash Flow from Investing	-0,8	0,1	-0,1	-1,7	-1,1	-1,1
Capital Increase	0,0	0,0	0,0	1,9	0,0	0,0
Funding Flow	0,3	0,2	0,9	-0,5	-0,2	-0,2
Cash Flow from Financing	-0,8	0,5	0,8	-0,4	0,0	0,0
Net Change in cash position	-0,1	0,2	-0,9	-2,4	0,1	-0,2
RATIOS	2020	2021	2022	2023e	2024e	2025e
Ebitda Margin	3,9%	-3,2%	5,9%	-1,5%	1,9%	4,7%
EBIT Margin	6,6%	2,5%	3,8%	-5,0%	-1,1%	2,2%
Net Margin	3,3%	0,6%	2,2%	-6,1%	-2,1%	1,3%
ROE	9,3%	1,7%	5,2%	-39,3%	-16,9%	10,2%
ROCE	6,9%	2,6%	4,6%	-6,7%	-1,7%	3,3%
Gearing	72,9%	72,0%	75,8%	191,2%	230,7%	217,3%
FCF per share	0,08	-0,03	0,19	-0,15	0,00	-0,02
EPS (€)	0,10	0,02	0,03	-0,2	-0,1	0,0
Dividend per share (€)	0,0	0,0	0,0	0,0	0,0	0,0
Dividen Yield	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Distribution rate	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%

Estimates : GreenSome Finance
2019-2020-2021 with new shares

Rating Definition

BUY	NEUTRAL	SELL
Upside > +10%	-10% < Upside < +10%	Upside < -10%

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